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TOWNSHIP OF BOIS BLANC
Mackinac County, Michigan

LOCAL GOVERNMENT FINANCE DIV.

GENERAL PURPOSE FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

Year Ended March 31, 2004

AUDITING PROCEDURES REPORT

Issue under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Township of Bois Blanc	County Mackinac
Audit Date March 31, 2004	Opinion Date June 21, 2004	Date Accountant Report Submitted to State: June 21, 2004	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- | | |
|---|--|
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 6. The local unit has been delinquent distributing tax revenues that were collected for another taxing unit. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during they year). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) Campbell, Kusterer & Co., P.C.			
Street Address 512 N. Lincoln, Suite 100, P.O. Box 686	City Bay City	State MI	Zip 48707
Accountant Signature Campbell, Kusterer & Co., P.C.			

TOWNSHIP OF BOIS BLANC
Mackinac County, Michigan

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CAMPBELL, KUSTERER & CO., P.C.

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INDEPENDENT AUDITOR'S REPORT

June 21, 2004

To the Township Board
Township of Bois Blanc
Mackinac County, Michigan

We have audited the accompanying general purpose financial statements of the Township of Bois Blanc, Mackinac County, Michigan, as of March 31, 2004, and for the year then ended, as listed in the table of contents. These general purpose financial statements are the responsibility of the Township of Bois Blanc's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Township of Bois Blanc, Mackinac County, Michigan, as of March 31, 2004, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the Township of Bois Blanc, Mackinac County, Michigan. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

Campbell, Kusterer & Co., P.C.

CAMPBELL, KUSTERER & CO., P.C.
Certified Public Accountants

TOWNSHIP OF BOIS BLANC
Mackinac County, Michigan

COMBINED BALANCE SHEET – ALL FUND TYPES AND ACCOUNT GROUPS

March 31, 2004

EXHIBIT A

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Account General Fixed Assets</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Agency</u>	
<u>Assets</u>				
Cash in bank	149 757 51	499 515 41	-	-
Accounts receivable	-	1 118 50	-	-
Taxes receivable	8 939 06	15 256 30	-	-
Land and improvements	-	-	-	12 959 87
Buildings	-	-	-	267 718 42
Building improvements	-	-	-	59 277 09
Equipment	-	-	-	142 386 55
Dock facilities	-	-	-	1 369 345 97
Amount to be provided for retirement of long-term debt	-	-	-	-
Total Assets	<u>158 696 57</u>	<u>515 890 21</u>	<u>-</u>	<u>1 851 687 90</u>
<u>Liabilities and Fund Equity</u>				
Liabilities:				
Accounts payable	1 481 90	424 63	-	-
Note payable	-	-	-	-
Total liabilities	<u>1 481 90</u>	<u>424 63</u>	<u>-</u>	<u>-</u>
Fund equity:				
Investment in general fixed assets	-	-	-	1 851 687 90
Fund balances:				
Unreserved:				
Undesignated	<u>157 214 67</u>	<u>515 465 58</u>	<u>-</u>	<u>-</u>
Total fund equity	<u>157 214 67</u>	<u>515 465 58</u>	<u>-</u>	<u>1 851 687 90</u>
Total Liabilities and Fund Equity	<u>158 696 57</u>	<u>515 890 21</u>	<u>-</u>	<u>1 851 687 90</u>

The accompanying notes are an integral part of these financial statements.

<u>Groups</u>	<u>Total</u>
<u>General Long-</u>	<u>(Memorandum</u>
<u>Term Debt</u>	<u>Only)</u>

-	649 272 92
-	1 118 50
-	24 195 36
-	12 959 87
-	267 718 42
-	59 277 09
-	142 386 55
-	1 369 345 97

<u>23 600 00</u>	<u>23 600 00</u>
------------------	------------------

<u>23 600 00</u>	<u>2 549 874 68</u>
------------------	---------------------

-	1 906 53
<u>23 600 00</u>	<u>23 600 00</u>
<u>23 600 00</u>	<u>25 506 53</u>

-	1 851 687 90
---	--------------

-	672 680 25
-	2 524 368 15

<u>23 600 00</u>	<u>2 549 874 68</u>
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TOWNSHIP OF BOIS BLANC
Mackinac County, Michigan

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – ALL GOVERNMENTAL FUND TYPES

Year Ended March 31, 2004

EXHIBIT B
Page 1

	<u>Governmental Fund Types</u>		<u>Total</u>
	<u>General</u>	<u>Special Revenue</u>	<u>(Memorandum Only)</u>
Revenues:			
Property taxes	105 248 86	189 379 05	294 627 91
Other taxes	10 022 06	-	10 022 06
Licenses and permits	5 325 00	-	5 325 00
State revenue sharing	5 610 00	-	5 610 00
State grant	-	135 720 25	135 720 25
Charges for services:			
Tax collection fees	9 704 45	-	9 704 45
Garbage	-	7 675 00	7 675 00
Dock fees	-	15 683 50	15 683 50
Other	435 00	-	435 00
Interest	1 378 06	7 025 93	8 403 99
Miscellaneous	<u>(889 97)</u>	<u>10 572 52</u>	<u>9 682 55</u>
Total revenues	<u>136 833 46</u>	<u>366 056 25</u>	<u>502 889 71</u>
Expenditures:			
Legislative:			
Township Board	14 333 43	-	14 333 43
General government:			
Supervisor	7 789 40	-	7 789 40
Elections	-	-	-
Assessor	20 192 62	-	20 192 62
Clerk	9 939 74	-	9 939 74
Board of Review	80 00	-	80 00
Treasurer	22 563 91	-	22 563 91
Building and grounds	27 607 49	-	27 607 49
Cemetery	3 320 12	-	3 320 12
Public safety:			
Law enforcement	-	44 820 51	44 820 51
Fire protection	-	16 951 55	16 951 55
Planning and zoning	4 182 47	-	4 182 47

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF BOIS BLANC
Mackinac County, Michigan

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – ALL GOVERNMENTAL FUND TYPES

EXHIBIT B
Page 2

Year Ended March 31, 2004

	<u>Governmental Fund Types</u>		<u>Total</u>
	<u>General</u>	<u>Special Revenue</u>	<u>(Memorandum Only)</u>
Expenditures: (continued)			
Public works:			
Highways and streets	10 150 00	-	10 150 00
Sanitation	-	17 157 02	17 157 02
Other:			
Marina	-	11 636 31	11 636 31
Airport	-	24 873 48	24 873 48
Capital outlay	<u>983 95</u>	<u>237 028 95</u>	<u>238 012 90</u>
Total expenditures	<u>121 143 13</u>	<u>352 467 82</u>	<u>473 610 95</u>
Excess of revenues over expenditures	<u>15 690 33</u>	<u>13 588 43</u>	<u>29 278 76</u>
Other financing sources (uses):			
Loan proceeds	-	23 600 00	23 600 00
Operating transfers in	2 345 00	15 100 00	17 445 00
Operating transfers out	<u>(1 600 00)</u>	<u>(15 845 00)</u>	<u>(17 445 00)</u>
Total other financing sources (uses)	<u>745 00</u>	<u>22 855 00</u>	<u>23 600 00</u>
Excess of revenues and other sources over expenditures and other uses	16 435 33	36 443 43	52 878 76
Fund balances, April 1	<u>140 779 34</u>	<u>479 022 15</u>	<u>619 801 49</u>
Fund Balances, March 31	<u>157 214 67</u>	<u>515 465 58</u>	<u>672 680 25</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF BOIS BLANC
Mackinac County, Michigan

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL –
GENERAL AND SPECIAL REVENUE FUNDS
Year Ended March 31, 2004

EXHIBIT C
Page 1

	<u>General Fund</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Revenues:			
Property taxes	103 000 00	105 248 86	2 248 86
Other taxes	-	10 022 06	10 022 06
Licenses and permits	5 400 00	5 325 00	(75 00)
State revenue sharing	5 810 00	5 610 00	(200 00)
State grant	-	-	-
Federal grant	-	-	-
Loan proceeds	-	-	-
Charges for services:			
Tax collection fees	-	9 704 45	9 704 45
Garbage	-	-	-
Dock fees	-	-	-
Other	-	435 00	435 00
Interest	1 200 00	1 378 06	178 06
Miscellaneous	<u>6 000 00</u>	<u>(889 97)</u>	<u>(6 889 97)</u>
Total revenues	<u>121 410 00</u>	<u>136 833 46</u>	<u>15 423 46</u>
Expenditures:			
Legislative:			
Township Board	14 865 00	14 333 43	(531 57)
General government:			
Supervisor	8 000 00	7 789 40	(210 60)
Elections	300 00	-	(300 00)
Assessor	20 843 00	20 192 62	(650 38)
Clerk	11 270 00	9 939 74	(1 330 26)
Board of Review	1 350 00	80 00	(1 270 00)
Treasurer	24 602 00	22 563 91	(2 038 09)
Building and grounds	84 280 00	27 607 49	(56 672 51)
Cemetery	3 750 00	3 320 12	(429 88)
Public safety:			
Law enforcement	-	-	-
Fire protection	-	-	-
Planning and zoning	6 600 00	4 182 47	(2 417 53)

The accompanying notes are an integral part of these financial statements.

Special Revenue Funds

<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
188 300 00	189 379 05	1 079 05
-	-	-
-	-	-
-	-	-
160 600 00	135 720 25	(24 879 75)
45 000 00	-	(45 000 00)
200 000 00	-	(200 000 00)
-	-	-
6 500 00	7 675 00	1 175 00
17 000 00	15 683 50	(1 316 50)
-	-	-
4 900 00	7 025 93	2 125 93
<u>29 075 00</u>	<u>10 572 52</u>	<u>(18 502 48)</u>
<u>651 375 00</u>	<u>366 056 25</u>	<u>(285 318 75)</u>
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
46 270 00	44 820 51	(1 449 49)
28 115 00	16 951 55	(11 163 45)
-	-	-

TOWNSHIP OF BOIS BLANC
Mackinac County, Michigan

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL –
GENERAL AND SPECIAL REVENUE FUNDS
Year Ended March 31, 2004

EXHIBIT C
Page 2

	General Fund		
	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Expenditures: (continued)			
Public works:			
Highways and streets	10 310 00	10 150 00	(160 00)
Sanitation	-	-	-
Cultural:			
Parks and recreation	10 000 00	-	(10 000 00)
Other:			
Marina	-	-	-
Airport	-	-	-
Contingency	-	-	-
Capital outlay	<u>9 000 00</u>	<u>983 95</u>	<u>(8 016 05)</u>
Total expenditures	<u>205 170 00</u>	<u>121 143 13</u>	<u>(84 026 87)</u>
Excess (deficiency) of revenues over expenditures	<u>83 760 00</u>	<u>15 690 33</u>	<u>99 450 33</u>
Other financing sources (uses):			
Loan proceeds	-	-	-
Operating transfers in	-	2 345 00	2 345 00
Operating transfers out	<u>(8 600 00)</u>	<u>(1 600 00)</u>	<u>7 000 00</u>
Total other financing sources (uses)	<u>(8 600 00)</u>	<u>745 00</u>	<u>9 345 00</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(92 360 00)	16 435 33	108 795 33
Fund balances, April 1	<u>122 400 00</u>	<u>140 779 34</u>	<u>18 379 34</u>
Fund Balances, March 31	<u>30 040 00</u>	<u>157 214 67</u>	<u>127 174 67</u>

The accompanying notes are an integral part of these financial statements.

<u>Special Revenue Funds</u>		
<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
-	-	-
28 165 00	17 157 02	(11 007 98)
-	-	-
21 733 00	11 636 31	(10 096 69)
39 186 00	24 873 48	(14 312 52)
25 000 00	-	(25 000 00)
<u>559 895 00</u>	<u>237 028 95</u>	<u>(322 866 05)</u>
<u>748 364 00</u>	<u>352 467 82</u>	<u>(395 896 18)</u>
<u>(96 989 00)</u>	<u>13 588 43</u>	<u>110 577 43</u>
-	23 600 00	23 600 00
-	15 100 00	15 100 00
<u>(20 255 00)</u>	<u>(15 845 00)</u>	<u>4 410 00</u>
<u>(20 255 00)</u>	<u>22 855 00</u>	<u>43 110 00</u>
(117 244 00)	36 443 43	153 687 43
<u>438 757 00</u>	<u>479 022 15</u>	<u>40 265 15</u>
<u>321 513 00</u>	<u>515 465 58</u>	<u>193 952 58</u>

TOWNSHIP OF BOIS BLANC
Mackinac County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 1 – Summary of Significant Accounting Policies

The accounting policies of the Township of Bois Blanc, Mackinac County, Michigan, conform to generally accepted accounting principles as applicable to governmental units.

Reporting Entity

In accordance with the provisions of the Governmental Accounting Standards Board's Statement No. 14 "The Financial Reporting Entity," the general purpose financial statements of the Township contain all the Township funds and account groups that are controlled by or dependent on the Township's executive or legislative branches.

The reporting entity is the Township of Bois Blanc. The Township is governed by an elected Township Board. As required by generally accepted accounting principles, these financial statements present the Township as the primary government.

Basis of Presentation

The financial activities of the local unit are recorded in separate funds and account groups, categorized and described as follows:

Governmental Funds

General Fund

This fund is used to account for all financial transactions except those required to be accounted for in another fund. The fund includes the general operating expenditures of the local unit. Revenues are derived primarily from property taxes, state and federal distributions, grants, and other intergovernmental revenues.

Special Revenue Funds

These funds are used to account for specific governmental revenues requiring separate accounting because of legal or regulatory provisions or administrative action.

Fiduciary Fund

The Current Tax Collection Fund is used to account for assets held as an agent for others.

Account Groups

TOWNSHIP OF BOIS BLANC
Mackinac County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 1 – Summary of Significant Accounting Policies (continued)

General Fixed Assets Account Group

This account group presents the fixed assets of the local unit utilized in its general operations.

General Long-Term Debt Account Group

This account group presents the balance of general obligation long-term debt which is not recorded in proprietary funds.

Measurement Focus/Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present revenues and other financing sources and, expenditures and other financial uses in net current assets.

The modified accrual basis of accounting is followed by the governmental fund types. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual which is both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures, other than principal and interest on long-term debt, are recorded when the related fund liability is incurred, if measurable. Principal and interest on general long-term debt is recognized when due.

Revenues from local sources consist primarily of property taxes. Property taxes and revenues received from the State are recognized when susceptible to accrual. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available.

Property Taxes

Property taxes and other revenue that are both measurable and available for use to finance operations are recorded as revenue when earned.

TOWNSHIP OF BOIS BLANC
Mackinac County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 1 – Summary of Significant Accounting Policies (continued)

Property Taxes (continued)

Properties are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. These taxes are due on February 14 with the final collection date of February 28 before they are added to the county tax rolls. The Township 2003 tax roll millage rate was 14.9825 mills and the taxable value was \$19,617,773.00.

Fixed Assets and Depreciation

Purchases of general fixed assets for all funds are recorded as expenditures in the respective funds at the time of purchase. Such assets are capitalized at cost in the general fixed assets group of accounts except for certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems. Gifts or contributions are recorded in general fixed assets at fair market value at the time received. No depreciation has been provided on these general fixed assets.

Investments

Investments are stated at market.

Receivables

Receivables have been recognized for all significant amounts due to the Township. Allowances for uncollectible accounts have not been provided for in that collection is not considered doubtful and any uncollected amount would be immaterial.

Inventories

Inventories of supplies are considered to be immaterial and are not recorded.

Accumulated Unpaid Benefits

Employees are not allowed to accumulate vacation and sick pay and therefore, no accumulated amount has been shown in the General Long-Term Debt Group of Accounts in accordance with Governmental Accounting Standards Board's Statement No. 16 "Accounting for Compensated Absences."

TOWNSHIP OF BOIS BLANC
Mackinac County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2004

Note 1 – Summary of Significant Accounting Policies (continued)

Budgets and Budgetary Accounting

The following procedures are followed in establishing the budgetary data reflected in these general purpose financial statements:

1. Prior to the beginning of the fiscal year, the proposed budget for each budgetary fund is submitted to the Township Board for consideration.
2. The proposed budgets include expenditures as well as the methods of financing them.
3. Public hearings are held to obtain taxpayer comments.
4. The budgets are adopted at the activity level by a majority vote of the Township Board.
5. The budgets are adopted on the modified accrual basis of accounting.
6. The originally adopted budgets can be amended during the year only by a majority vote of the Township Board.
7. The adopted budgets are used as a management control device during the year for all budgetary funds.
8. Budget appropriations lapse at the end of each fiscal year.
9. The budgeted amounts shown in these general purpose financial statements are the originally adopted budgets with all amendments that were approved by the Township Board during the fiscal year.

Encumbrances

Encumbrances involving the current recognition of purchase orders, contracts and other commitments for future expenditures are not recorded.

Postemployment Benefits

The Township provides no postemployment benefits to past employees.

TOWNSHIP OF BOIS BLANC
Mackinac County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2004

Note 2 – Deposits and Investments

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or federal agency obligation repurchase agreements; banker's acceptance of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Township Board has designated two banks for the deposit of Township funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in all investments authorized by state law as listed above.

The Township's deposits and investments are in accordance with statutory authority.

The Governmental Accounting Standards Board Statement No. 3, risk disclosures for the cash deposits are as follows:

	<u>Carrying Amounts</u>
Total Deposits	<u>649 272 92</u>
Amounts in the bank balances are without considering deposits in transit or uncleared checks.	
	<u>Bank Balances</u>
Insured (FDIC)	228 269 89
Uninsured and Uncollateralized	<u>445 536 79</u>
Total Deposits	<u>673 806 68</u>

The Township of Bois Blanc did not have any investments as of March 31, 2004.

TOWNSHIP OF BOIS BLANC
Mackinac County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 3 – Changes in General Fixed Assets

A summary of changes in general fixed assets follows:

	<u>Balance 4/1/03</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 3/31/04</u>
Land and improvements	12 959 87	-	-	12 959 87
Buildings	267 718 42	-	-	267 718 42
Buildings and improvements	59 277 09	-	-	59 277 09
Equipment	105 305 60	37 080 95	-	142 386 55
Dock facilities	<u>1 168 414 02</u>	<u>200 931 95</u>	-	<u>1 369 345 97</u>
Totals	<u>1 613 675 00</u>	<u>238 012 90</u>	<u>-</u>	<u>1 851 687 90</u>

Note 4 – Changes in General Long-Term Debt

A summary of changes in general long-term debt follows:

	<u>Balance 4/1/03</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 3/31/04</u>
Note Payable	<u>-</u>	<u>23 600 00</u>	<u>-</u>	<u>23 600 00</u>

Note 5 – Note Payable

On December 4, 2003, the Township of Bois Blanc entered into a loan agreement with the United States of America in the amount of \$200,000.00 to partially fund the purchase of a pumper fire truck, a plow truck, appurtenant equipment, and a snow blower/mower. As of March 31, 2004, the Township had received \$23, 600.00 of the loan proceeds. The note payable is recorded in the general long-term debt account group. The loan principal is repayable as follows along with interest at the rate of 4.25% per annum:

<u>Due Date</u>	<u>Principal Amount</u>
12-1-04	10 000 00
12-1-05	10 000 00
12-1-06	11 000 00
12-1-07	11 000 00
12-1-08	12 000 00
12-1-09	12 000 00
12-1-10	13 000 00
12-1-11	13 000 00

TOWNSHIP OF BOIS BLANC
Mackinac County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2004

Note 5 – Note Payable (continued)

<u>Due Date</u>	<u>Principal Amount</u>
12-1-12	14 000 00
12-1-13	14 000 00
12-1-14	15 000 00
12-1-15	15 000 00
12-1-16	16 000 00
12-1-17	17 000 00
12-1-18	<u>17 000 00</u>
Total	<u>200 000 00</u>

Note 6 – Interfund Transfers

For the fiscal year ended March 31, 2004, the Township had the following interfund transfers:

<u>Fund</u>	<u>Transfers In</u>	<u>Fund</u>	<u>Transfers out</u>
General	1 509 00	Airport	1 509 00
General	836 00	Transfer Station	836 00
Airport	1 600 00	General	1 600 00
Airport	<u>13 500 00</u>	Fire	<u>13 500 00</u>
Total	<u>17 445 00</u>	Total	<u>17 445 00</u>

Note 7 – Deferred Compensation Plan

The Township does not have a deferred compensation plan.

Note 8 – Pension Plan

The Township does not have a pension plan.

Note 9 – Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors, omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for property loss, torts, and workers' compensation claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

TOWNSHIP OF BOIS BLANC
Mackinac County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 10 – Building Permits

The Township does not issue building permits. Building permits are issued by the County of Mackinac.

Note 11 – Total Columns on Combined Statements--Overview

The total columns on the combined financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation, because interfund eliminations have not been made in the aggregation of this data.

TOWNSHIP OF BOIS BLANC
Mackinac County, Michigan

COMBINING BALANCE SHEET – ALL SPECIAL REVENUE FUNDS
March 31, 2004

EXHIBIT D

	<u>Airport</u>	<u>Law Enforcement</u>	<u>Fire</u>	<u>Marina</u>	<u>Transfer Station</u>
<u>Assets</u>					
Cash in bank	34 439 77	126 109 52	100 015 49	206 885 31	32 065 32
Accounts receivable	500 00	-	450 00	168 50	-
Taxes receivable	<u>1 528 11</u>	<u>3 090 64</u>	<u>3 090 64</u>	<u>6 018 80</u>	<u>1 528 11</u>
Total Assets	<u>36 467 88</u>	<u>129 200 16</u>	<u>103 556 13</u>	<u>213 072 61</u>	<u>33 593 43</u>
<u>Liabilities and Fund Balances</u>					
Liabilities:					
Accounts payable	<u>333 47</u>	<u>-</u>	<u>27 00</u>	<u>14 59</u>	<u>49 57</u>
Fund balances:					
Unreserved:					
Undesignated	<u>36 134 41</u>	<u>129 200 16</u>	<u>103 529 13</u>	<u>213 058 02</u>	<u>33 543 86</u>
Total fund balances	<u>36 134 41</u>	<u>129 200 16</u>	<u>103 529 13</u>	<u>213 058 02</u>	<u>33 543 86</u>
Total Liabilities and Fund Balances	<u>36 467 88</u>	<u>129 200 16</u>	<u>103 556 13</u>	<u>213 072 61</u>	<u>33 593 43</u>

Total

499 515 41

1 118 50

15 256 30

515 890 21

424 63

515 465 58

515 465 58

515 890 21

TOWNSHIP OF BOIS BLANC
Mackinac County, Michigan

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – ALL SPECIAL REVENUE FUNDS

EXHIBIT E

Year Ended March 31, 2004

	<u>Airport</u>	<u>Law Enforcement</u>	<u>Fire</u>	<u>Marina</u>
Revenues:				
Property taxes	19 033 48	38 268 51	38 705 99	74 510 15
State revenue sharing	-	-	-	-
State grant	24 63	-	-	135 695 62
Charges for services – garbage	-	-	-	-
Charges for services – dock fees	-	-	-	15 683 50
Interest	424 13	2 122 35	1 470 97	2 815 92
Miscellaneous	<u>5 764 93</u>	<u>818 77</u>	<u>564 00</u>	<u>3 424 82</u>
Total revenues	<u>25 247 17</u>	<u>41 209 63</u>	<u>40 740 96</u>	<u>232 130 01</u>
Expenditures:				
Public safety:				
Law enforcement	-	44 820 51	-	-
Fire protection	-	-	16 951 55	-
Public works:				
Sanitation	-	-	-	-
Other:				
Marina	-	-	-	11 636 31
Airport	24 873 48	-	-	-
Capital outlay	<u>36 097 00</u>	<u>-</u>	<u>-</u>	<u>200 931 95</u>
Total expenditures	<u>60 970 48</u>	<u>44 82 051</u>	<u>16 951 55</u>	<u>212 568 26</u>
Excess (deficiency) of revenues over expenditures	<u>(35 723 31)</u>	<u>(3 610 88)</u>	<u>23 789 41</u>	<u>19 561 75</u>
Other financing sources (uses):				
Loan proceeds	23 600 00	-	-	-
Operating transfers in	15 100 00	-	-	-
Operating transfers out	<u>(1 509 00)</u>	<u>-</u>	<u>(13 500 00)</u>	<u>-</u>
Total other financing sources (uses)	<u>37 191 00</u>	<u>-</u>	<u>(13 500 00)</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	1 467 69	(3 610 88)	10 289 41	19 561 75
Fund balances, April 1	<u>34 666 72</u>	<u>132 811 04</u>	<u>93 239 72</u>	<u>193 496 27</u>
Fund Balances, March 31	<u>36 134 41</u>	<u>129 200 16</u>	<u>103 529 13</u>	<u>213 058 02</u>

<u>Transfer Station</u>	<u>Total</u>
18 860 92	189 379 05
-	-
-	135 720 25
7 675 00	7 675 00
-	15 683 50
192 56	7 025 93
<u>-</u>	<u>10 572 52</u>
<u>26 728 48</u>	<u>366 056 25</u>
-	44 820 51
-	16 951 55
17 157 02	17 157 02
-	11 636 31
-	24 873 48
<u>-</u>	<u>237 028 95</u>
<u>17 157 02</u>	<u>352 467 82</u>
<u>9 571 46</u>	<u>13 588 43</u>
-	23 600 00
-	15 100 00
<u>(836 00)</u>	<u>(15 845 00)</u>
<u>(836 00)</u>	<u>22 855 00</u>
8 735 46	36 443 43
<u>24 808 40</u>	<u>479 022 15</u>
<u>33 543 86</u>	<u>515 465 58</u>

TOWNSHIP OF BOIS BLANC
Mackinac County, Michigan

CURRENT TAX COLLECTION FUND STATEMENT
OF CHANGES IN ASSETS AND LIABILITIES
Year Ended March 31, 2004

EXHIBIT F

	<u>Balance</u> <u>4/1/03</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>3/31/04</u>
<u>Assets</u>				
Cash in bank	-	555 288 15	555 288 15	-
Total Assets	<u>-</u>	<u>555 288 15</u>	<u>555 288 15</u>	<u>-</u>
<u>Liabilities</u>				
Due to other funds	-	276 164 97	276 164 97	-
Due to others	-	279 123 18	279 123 18	-
Total Liabilities	<u>-</u>	<u>555 288 15</u>	<u>555 288 15</u>	<u>-</u>

TOWNSHIP OF BOIS BLANC
Mackinac County, Michigan

CURRENT TAX COLLECTION FUND STATEMENT
OF CASH RECEIPTS AND DISBURSEMENTS
Year Ended March 31, 2004

EXHIBIT G

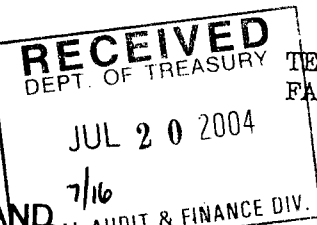
Cash on hand and in bank – beginning of year	<u>-</u>
Cash receipts:	
Property taxes	549 352 87
Property tax administration fee	5 474 57
Interest	460 71
Total cash receipts	<u>555 288 15</u>
Total beginning balance and cash receipts	<u>555 288 15</u>
Cash disbursements:	
Township General Fund	102 621 26
Township Law Fund	35 156 56
Township Marina Fund	68 461 83
Township Fire Fund	35 156 56
Township Airport Fund	17 384 38
Township Transfer Station Fund	17 384 38
Mackinac County	197 557 48
Bois Blanc Pines School	63 369 66
Eastern Upper Peninsula Intermediate School District	18 057 69
Refunds	138 35
Total cash disbursements	<u>555 288 15</u>
Cash on Hand and in Bank – End of Year	<u><u>-</u></u>

CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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AUDIT COMMUNICATION AND REPORT OF COMMENTS AND RECOMMENDATIONS

June 21, 2004

To the Township Board
Township of Bois Blanc
Mackinac County, Michigan

We have audited the financial statements of the Township of Bois Blanc, for the year ended March 31, 2004. As required by auditing standards generally accepted in the United States, the independent auditor is required to make several communications to the governing body having oversight responsibility for the audit. The purpose of this communication is to provide you with additional information regarding the scope and results of our audit that may assist you with your oversight responsibilities of the financial reporting process for which management is responsible.

AUDITOR'S RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES

We conducted our audit of the financial statements of the Township of Bois Blanc in accordance with auditing standards generally accepted in the United States. The following paragraph explains our responsibilities under those standards.

Management has the responsibility for adopting sound accounting policies, for maintaining an adequate and effective system of accounts, for the safeguarding of assets, and for devising an internal control structure that will, among other things, help assure the proper recording of transactions. The transactions that should be reflected in the accounts and in the financial statements are matters within the direct knowledge and control of management. Our knowledge of such transactions is limited to that acquired through our audit. Accordingly, the fairness of representations made through the financial statements is an implicit and integral part of management's accounts and records. However, our responsibility for the financial statements is confined to the expression of an opinion on them. The financial statements remain the responsibility of management.

The concept of materiality is inherent in the work of an independent auditor. An auditor places greater emphasis on those items that have, on a relative basis, more importance to the financial statements and greater possibilities of material error than those items of lesser importance or those in which the possibility of material error is remote.

To the Township Board
Township of Bois Blanc
Mackinac County, Michigan

For this purpose, materiality has been defined as "the magnitude of an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement."

An independent auditor's objective in an audit is to obtain sufficient competent evidential matter to provide a reasonable basis for forming an opinion on the financial statements. In doing so, the auditor must work within economic limits; the opinion, to be economically useful, must be formed within a reasonable length of time and at reasonable cost. That is why an auditor's work is based on selected tests rather than an attempt to verify all transactions. Since evidence is examined on a test basis only, an audit provides only reasonable assurance, rather than absolute assurance, that financial statements are free of material misstatement. Thus, there is a risk that audited financial statements may contain undiscovered material errors or fraud. The existence of that risk is implicit in the phrase in the audit report, "in our opinion."

In the audit process, we gain an understanding of the internal control structure of an entity for the purpose of assisting in determining the nature, timing, and extent of audit testing. Our understanding is obtained by inquiry of management, testing transactions, and observation and review of documents and records. The amount of work done is not sufficient to provide a basis for an opinion on the adequacy of the internal control structure.

SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies are described in Note 1 to the financial statements.

OTHER COMMUNICATIONS

Auditing standards call for us to inform you of other significant issues such as, but not limited to, 1) Accounting estimates that are particularly sensitive because of their significance to the financial statements or because of the possibility that future events affecting them may differ markedly from management's current judgments; 2) Significant audit adjustments that may not have been detected except through the auditing procedures we performed; 3) Disagreements with management regarding the scope of the audit or application of accounting principles; 4) Consultation with other accountants; 5) Major issues discussed with management prior to retention; and 6) Difficulties encountered in performing the audit.

We have no significant issues, regarding these matters, to report to you at this time. Audit adjustments were minimal, and are available to review.

To the Township Board
Township of Bois Blanc
Mackinac County, Michigan

GASB 34 IMPLEMENTATION

The Governmental Accounting Standards Board issued a new reporting model for governmental units which is to be implemented over the next few years. The implementation date of this pronouncement for the Township of Bois Blanc will begin with the year ended March 31, 2004, and will need to be implemented fully by March 31, 2005. The daily operations and recording transactions should not change significantly, however, the Township will be required to maintain additional records for the year end adjustments to the final presentation format.

COMMENTS AND RECOMMENDATION REGARDING INTERNAL CONTROLS/ COMPLIANCE/ EFFICIENCY

Our procedures disclosed the following conditions that we would like to bring to your attention:

SEGREGATION OF DUTIES

A separation of duties between persons who authorize transactions and persons who have control over the related assets does not always exist.

The least desirable accounting system is one in which an employee is responsible for executing the transaction and then recording the transaction from its origin to its ultimate posting in the General Ledger. This increases the likelihood that intentional or unintentional errors will go undetected. In most cases, adequate segregation of duties substantially increases control over errors without duplication of effort.

We understand that due to the size of needed staff, a proper segregation of duties may be impractical and the "cost to benefit" relationship may not justify the addition of accounting staff to accomplish the desired segregation.

These conditions were considered in determining the nature, timing and extent of the audit tests to be applied in our audit of the Township's financial statements and this communication of these matters does not affect our report on the Township's financial statements, dated March 31, 2004.

SUMMARY

We welcome any questions you may have regarding the foregoing comments and we would be happy to discuss any of these or other questions that you might have at your convenience.

Sincerely,

Campbell, Kusterer : Co., P.C.

CAMPBELL, KUSTERER & CO., P.C.
Certified Public Accountants